

CITY OF LEESBURG
MUNICIPAL POLICE OFFICERS'
PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2017

December 7, 2015

Ms. Barbara C. Cooper
Plan Administrator
Post Office Box 296
Danville, Indiana 46122

Re: City of Leesburg Municipal Police Officers' Pension Trust Fund

Dear Barb:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Leesburg, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

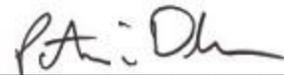
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Leesburg, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Municipal Police Officers' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



Patrick T. Donlan, ASA, MAAA
Enrolled Actuary #14-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2015, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2017.

The contribution requirements, compared with those developed in the September 2, 2015 Actuarial Impact Statement, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Plan/Fiscal Year End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution		
% of Total Annual Payroll	19.79%	20.93%
Less Member Contributions		
% of Total Annual Payroll	7.65%	7.65%
Equals Required City and State		
% of Total Annual Payroll	12.14%	13.28%
Less State Contribution ¹	\$168,105	\$168,105
% of Total Annual Payroll	5.30%	5.30%
Balance from City ²		
% of Total Annual Payroll	6.84%	7.98%

¹ The City may use up to \$213,695.18 of State Monies under the “traditional” interpretation of Chapter 99-1 Florida Statutes, if received, in determining their bottom line funding requirement. It is our understanding that for the term of the next union contract, the City will be able to utilize all State Monies to offset their funding requirements.

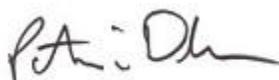
² As requested by the Division of Retirement, the required contribution from City and State sources for the year ending September 30, 2017, is 13.28% of the actual Non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 7.98% of each non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note the City has a prepaid contribution of \$3,086.85 available to offset the fiscal 2016 requirements.

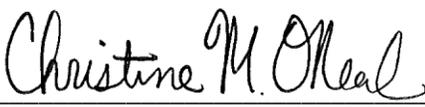
As can be seen, the Total Required Contribution has increased when expressed as a percentage of Total Annual Payroll. This increase is the result of net unfavorable actuarial experience over the past year, as well as a decrease in the assumed payroll growth rate from 1.6% to 0.8%; additionally, Total Pensionable Payroll decreased by more than 6%. The principal components of unfavorable experience were average increases in pensionable earnings of 8.3% which were greater than the 5.2% assumption, and no inactive mortality. The effect of the unfavorable experience was offset in part by sources of favorable experience, which included greater than expected employee turnover and a 9.64% investment return (Actuarial Asset Basis) which exceeded the 7.75% assumption.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Christine M. O'Neal, EA, ASA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes – Since the prior valuation, the benefit accrual rate was changed to the following:

- 3.00% times Credited Service earned prior to May 27, 2003, plus
- 2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
- 2.50% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
- 3.00% times Credited Service earned on and after October 1, 2015.

Actuarial Assumption/Method Changes – The payroll growth assumption used for amortizing the Unfunded Actuarial Accrued Liabilities is limited to the historical 10-year average and thus the assumption was decreased from 1.6% to 0.8%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	56	65
Service Retirees	31	29
DROP Retirees	1	1
Beneficiaries	0	0
Disability Retirees	1	1
Terminated Vested	<u>9</u>	<u>10</u>
Total	98	106
Total Annual Payroll	\$3,187,590	\$3,403,703
Payroll Under Assumed Ret. Age	3,187,590	3,403,703
Annual Rate of Payments to:		
Service Retirees	849,402	771,474
DROP Retirees	50,491	50,491
Beneficiaries	0	0
Disability Retirees	17,305	17,305
Terminated Vested	52,310	18,286
B. Assets		
Actuarial Value ¹	17,815,618	16,705,631
Market Value ¹	17,092,313	17,781,102
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	11,171,863	11,166,106
Disability Benefits	436,718	572,908
Death Benefits	187,201	200,265
Vested Benefits	686,646	710,880
Refund of Contributions	133,024	166,537
Service Retirees	8,446,097	7,751,346
DROP Retirees ¹	700,413	690,627
Beneficiaries	0	0
Disability Retirees	221,917	222,668
Terminated Vested	487,442	242,246
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total	22,471,321	21,723,583

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	24,822,657	27,557,626
Present Value of Future Member Contributions	1,898,933	2,108,158
Total Normal Cost	458,304	477,601
Present Value of Future Normal Costs (EAN)	3,791,218	4,405,399
Total Actuarial Accrued Liability	18,902,378	17,856,748
Unfunded Actuarial Accrued Liability (UAAL)	1,086,760	1,151,117
Funded Ratio (AVA / AL)	94.3%	93.6%

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits		
Inactives ¹	9,855,869	8,906,887
Actives	3,022,501	2,823,634
Member Contributions	<u>2,101,550</u>	<u>2,164,059</u>
Total	14,979,920	13,894,580
Non-vested Accrued Benefits	<u>561,827</u>	<u>571,931</u>
Total Present Value Accrued Benefits	15,541,747	14,466,511
Funded Ratio (MVA / PVAB)	110.0%	122.9%

Increase (Decrease) in Present Value of
Accrued Benefits Attributable to:

Plan Amendments	0
Assumption Changes	0
New Accrued Benefits	1,095,018
Benefits Paid	(1,098,375)
Interest	1,078,593
Other	<u>0</u>
Total	1,075,236

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	14.93	14.58
Administrative Expenses (with interest) % of Total Annual Payroll ²	1.45	1.13
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2015) % of Total Annual Payroll ²	4.55	4.08
Total Required Contribution % of Total Annual Payroll ²	20.93	19.79
Expected Member Contributions % of Total Annual Payroll ²	7.65	7.65
Expected City & State Contribution % of Total Annual Payroll ²	13.28	12.14

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	667,136
City and State Requirement	416,592
Actual Contributions Made:	
Members (excluding buyback)	250,545
City	248,486
State	<u>168,105</u>
Total	667,136

G. Net Actuarial (Gain)/Loss N/A

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$3,187,590.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	1,086,760
2016	1,020,520
2017	947,943
2024	479,926
2031	414,105
2037	226,309
2044	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	8.3%	5.2%
Year Ended	9/30/2014	-1.1%	5.2%
Year Ended	9/30/2013	0.6%	5.2%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	9.6%	7.75%
Year Ended	9/30/2014	9.6%	7.75%
Year Ended	9/30/2013	9.2%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$3,187,590
	10/1/2005	2,929,992
(b) Total Increase		8.8%
(c) Number of Years		10.00
(d) Average Annual Rate		0.8%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$1,151,117
(2) Sponsor Normal Cost developed as of October 1, 2014	217,218
(3) Expected administrative expenses for the year ended September 30, 2015	37,072
(4) Expected interest on (1), (2) and (3)	108,919
(5) Sponsor contributions to the System during the year ended September 30, 2015	416,591
(6) Expected interest on (5)	10,975
(7) Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	1,086,760
(8) Change to UAAL due to Assumption Change	0
(9) Unfunded Accrued Liability as of October 1, 2015	1,086,760

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2015 <u>Amount</u>	Amortization <u>Amount</u>
"A"	10/1/1991	6	\$367,043	\$71,804
"B"	10/1/1998	13	352,065	39,173
"C"	10/1/2001	16	(991,409)	(97,496)
"D"	10/1/2003	18	(46,281)	(4,272)
"E"	10/1/2004	19	271,621	24,392
Method Change	10/1/2008	13	265,353	29,525
Assum Changes	10/1/2010	15	383,271	39,106
Benefit Change	10/1/2012	27	(163,799)	(12,657)
Assum Changes	10/1/2012	17	36,436	3,466
Benefit Change	10/1/2012	27	223,018	17,233
Benefit Change	10/1/2014	29	389,442	29,367
			1,086,760	139,641

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection, disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.
<u>Interest Rate</u>	7.75% per year, compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
<u>Retirement Age</u>	100% at first eligibility for Normal Retirement. Also, any Member who has reached Normal Retirement eligibility is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement Members are assumed to retire with an immediate benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table on the following page (1207). It is assumed that 75% of disablements and active member deaths are service related.
<u>Termination Rate</u>	See table on the following page (1302). This is based on the results of an experience study for the period 2002 – 2009.
<u>Salary Increases</u>	5.2% per year until the assumed retirement age; see table below. Projected salary at retirement is increased individually to account for non-regular compensation.
<u>Administrative Expenses</u>	\$44,648 added to Normal Cost (average of non-investment expenses for the past 2 years).
<u>Payroll Growth Assumption</u>	0.8% annually for amortizing UAAL (prior 1.6%)
<u>Funding Method</u>	Frozen Entry Age Actuarial Cost Method.
<u>Asset Valuation</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	9.0%	.07%	21.9%
30	7.5	.11	36.3
40	3.9	.19	60.2
50	1.2	.51	100.0

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Frozen Entry Age Actuarial Cost Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liability" for details regarding the current status of the separate liabilities.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	83,595.00	_____%
1994	91,204.00	9.1%
1995	93,883.00	2.9%
1996	103,247.00	10.0%
1997	109,924.00	6.5%
1998	166,718.18	51.7%
1999	118,410.85	-29.0%
2000	114,627.92	-3.2%
2001	120,045.31	4.7%
2002	137,612.65	14.6%
2003	159,149.65	15.7%
2004	166,624.90	4.7%
2005	184,093.15	10.5%
2006	184,827.50	0.4%
2007	184,093.15	-0.4%
2008	184,093.15	0.0%
2009	170,126.72	-7.6%
2010	159,138.64	-6.5%
2011	161,436.95	1.4%
2012	155,518.07	-3.7%
2013	155,996.52	0.3%
2014	160,225.10	2.7%
2015	168,105.42	4.9%

EXCESS STATE MONIES RESERVE

	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$116,718.18	\$116,718.18	\$0.00
1999	118,410.85	116,718.18	1,692.67
2000	114,627.92	116,718.18	0.00
2001	120,045.31	117,037.18	3,008.13
2002	137,612.65	117,037.18	20,575.47
2003	159,149.65	117,037.18	42,112.47
2004	166,624.90	117,037.18	49,587.72
2005	184,093.15	117,037.18	67,055.97
2006	184,827.50	213,695.18	0.00
2007	184,093.15	213,695.18	0.00
2008	184,093.15	213,695.18	0.00
2009	170,126.72	213,695.18	0.00
2010	159,138.64	213,695.18	0.00
2011	161,436.95	213,695.18	0.00
2012	155,518.07	213,695.18	0.00
2013	155,996.52	213,695.18	0.00
2014	160,225.10	213,695.18	0.00
2015	168,105.42	213,695.18	<u>0.00</u>
Total Excess State Monies			184,032.43
Less Excess Used in Funding Ordinance No. 05-114 (Compensation Definition)			(116,976.46)
Less Excess Used in Funding Ordinance No. 14-05 (Multiplier Increase)			<u>(67,055.97)</u>
Equals Current State Monies Reserve			\$0.00

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	413,717.00	413,717.00
Cash	790.05	790.05
Total Cash and Equivalents	414,507.05	414,507.05
Total Receivable	0.00	0.00
Investments:		
Fixed Income	5,422,494.25	5,306,033.78
Equities	9,330,084.78	9,839,063.51
Pooled/Common/Commingled Funds:		
Equity	1,080,598.49	1,535,795.58
Total Investments	15,833,177.52	16,680,892.87
Total Assets	16,247,684.57	17,095,399.92
<u>LIABILITIES</u>		
Prepaid City Contribution	3,086.85	3,086.85
Total Liabilities	3,086.85	3,086.85
NET POSITION RESTRICTED FOR PENSIONS	16,244,597.72	17,092,313.07

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 Market Value Basis

ADDITIONS

Contributions:		
Member		250,544.55
City		248,486.30
State		168,105.42
Total Contributions		667,136.27
Investment Income:		
Net Realized Gain (Loss)	1,058,624.16	
Unrealized Gain (Loss)	(1,596,342.99)	
Net Increase in Fair Value of Investments		(537,718.83)
Interest & Dividends		432,226.43
Less Investment Expense ¹		(105,766.61)
Net Investment Income		(211,259.01)
Total Additions		455,877.26
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments		873,073.82
Lump Sum DROP Distributions		30,247.17
Refunds of Member Contributions		195,053.80
Total Distributions		1,098,374.79
Administrative Expense		46,291.16
Total Deductions		1,144,665.95
Net Increase in Net Position		(688,788.69)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		17,781,101.76
End of the Year		17,092,313.07

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2012	17.07%	
09/30/2013	11.80%	
09/30/2014	11.76%	
09/30/2015	-1.21%	
Annualized Rate of Return for prior four (4) years:		9.64%
(A) 10/01/2014 Actuarial Assets:		\$16,705,631.03
(I) Net Investment Income:		
1. Interest and Dividends	432,226.43	
2. Realized Gains (Losses)	1,058,624.16	
3. Change in Actuarial Value	202,433.05	
4. Investment Related Expenses	(105,766.61)	
Total		1,587,517.03
(B) 10/01/2015 Actuarial Assets:		\$17,815,618.38
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.64%
10/01/2015 Limited Actuarial Assets:		\$17,815,618.38
10/01/2015 Market Value of Assets:		\$17,092,313.07
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$311,334.90

*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	250,544.55	
City	248,486.30	
State	168,105.42	
Total Contributions		667,136.27
Earnings from Investments:		
Interest & Dividends	432,226.43	
Net Realized Gain (Loss)	1,058,624.16	
Change in Actuarial Value	202,433.05	
Total Earnings and Investment Gains		1,693,283.64

EXPENDITURES

Distributions to Members:		
Benefit Payments	873,073.82	
Lump Sum DROP Distributions	30,247.17	
Refunds of Member Contributions	195,053.80	
Total Distributions		1,098,374.79
Expenses:		
Investment related ¹	105,766.61	
Administrative	46,291.16	
Total Expenses		152,057.77
Change in Net Assets for the Year		1,109,987.35
Net Assets Beginning of the Year		16,705,631.03
Net Assets End of the Year ²		17,815,618.38

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	130,560.57
Plus Additions	50,490.72
Investment Return Earned	(3,092.59)
Less Distributions	(30,247.17)
End of the Year Balance	147,711.53

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1)	Total Required Contribution Rate	20.4%
(2)	Pensionable Payroll Derived from Member Contributions	\$3,275,092.16
(3)	Total Required Contribution (1) x (2)	667,136.27
(4)	Less Actual Member Contributions	(250,544.55)
(5)	Less Allowable State Contribution	<u>(168,105.42)</u>
(6)	Equals Required City Contribution for Fiscal 2015	248,486.30
(7)	Less 2014 Prepaid Contribution	(10,798.05)
(8)	Less Actual City Contributions	<u>(240,775.10)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$3,086.85)

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	70	70	65	56
Average Current Age	40.5	40.5	40.7	39.1
Average Age at Employment	29.9	29.9	29.7	29.6
Average Past Service	10.5	10.6	11.0	9.5
Average Annual Salary	\$51,738	\$53,643	\$52,365	\$56,921
<u>Service Retirees</u>				
Number			29	31
Average Current Age			65.5	65.9
Average Annual Benefit			\$26,603	\$27,400
<u>DROP Retirees</u>				
Number			1	1
Average Current Age			54.3	55.3
Average Annual Benefit			\$50,491	\$50,491
<u>Beneficiaries</u>				
Number			0	0
Average Current Age			N/A	N/A
Average Annual Benefit			N/A	N/A
<u>Disability Retirees</u>				
Number			1	1
Average Current Age			42.0	43.0
Average Annual Benefit			\$17,305	\$17,305
<u>Terminated Vested ²</u>				
Number			1	3
Average Current Age			49.3	50.2
Average Annual Benefit			\$18,286	\$17,437

¹ Prior to 10/1/2015, averages were salary weighted.

² Excludes Members awaiting a refund of Member Contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	1	0	1	0	0	0	0	0	0	0	0	2
25 - 29	3	2	2	0	0	0	0	0	0	0	0	7
30 - 34	0	1	2	1	1	7	1	0	0	0	0	13
35 - 39	0	0	0	1	0	2	1	0	0	0	0	4
40 - 44	0	1	0	0	0	4	4	5	0	0	0	14
45 - 49	0	0	0	0	0	0	1	2	3	2	0	8
50 - 54	1	0	0	0	0	2	0	1	2	0	0	6
55 - 59	0	0	0	0	0	0	0	1	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	1	0	0	0	0	0	1
Total	5	4	5	2	1	16	7	9	5	2	0	56

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	65
b. Terminations	
i. Vested (partial or full) with deferred benefits	(3)
ii. Non-vested or full lump sum distribution received	(10)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(1)</u>
f. DROP	0
g. Continuing participants	51
h. New entrants	<u>5</u>
i. Total active life participants in valuation	56

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>DROP Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	29	1	0	1	10	41
Retired	2	0	0	0	0	2
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	3	3
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(4)	(4)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	31	1	0	1	9	42

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 15-32)

<u>Eligibility</u>	Full-time sworn police officers.
<u>Salary</u>	Reportable W-2 compensation, less Christmas bonuses, but including lump sum payment of accrued sick leave, accrued annual leave, or accrued compensatory leave, plus all tax deferred (IRC Section 414(h)(2) and IRC Section 457 contributions) and tax exempt (IRC Section 125) items of income. Effective January 22, 2013, Salary shall not include more than 300 hours of overtime per year. Additionally, Salary will include the lesser of the amount of unused sick and annual leave time accrued as of January 22, 2013, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.
<u>Average Final Compensation</u>	Average of Salary paid during the 5 best years of the last 10 years of Credited Service. (The best 4 years for any Member eligible for Normal Retirement as of January 27, 2014.)
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of 1.) Age 52 (Age 50 for Members eligible for Normal Retirement as of October 1, 2015 under the prior provisions) and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.
Benefit	3.00% of Average Final Compensation <u>times</u> Credited Service prior to May 27, 2003; 2.00% for each year between May 27, 2003 and September 30, 2009; 2.5% for each year of Credited Service between October 1, 2009 and September 30, 2015; and 3.00% for each year of Credited Service thereafter.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 (Age 45 for Members who will be eligible for Early Retirement as of October 1, 2015 under the prior provisions) and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.

Disability Benefit

Eligibility	Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.
Exclusions	Disability resulting from the use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Connected	Greater of accrued benefit or 50% of Average Final Compensation.
Non-Service Connected	Greater of accrued benefit or 25% of Average Final Compensation.

Pre-Retirement Death Benefit

Service Connected	Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.
Non-Service Connected	If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Death After Retirement

Benefit payable in accordance with optional form of pension selected at time of retirement.

Vesting (Termination of Employment)

Less than 10 years	Refund of Member Contributions.
10 years or more	Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Member Contributions

7.65% of Salary.

City Contributions

Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

Board of Trustees

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	413,717
Cash	790
Total Cash and Equivalents	414,507
Total Receivable	0
Investments:	
Fixed Income	5,306,034
Equities	9,839,063
Pooled/Common/Commingled Funds:	
Equity	1,535,796
Total Investments	16,680,893
Total Assets	17,095,400
<u>LIABILITIES</u>	
Payables:	
Unearned Revenue	3,087
Total Liabilities	3,087
NET POSITION RESTRICTED FOR PENSIONS	17,092,313

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	250,545	
City	248,486	
State	168,105	
Total Contributions		667,136
 Investment Income:		
Net Increase in Fair Value of Investments	(537,718)	
Interest & Dividends	432,226	
Less Investment Expense ¹	(105,767)	
Net Investment Income		(211,259)
Total Additions		455,877

DEDUCTIONS

Distributions to Members:

Benefit Payments	873,074	
Lump Sum DROP Distributions	30,247	
Refunds of Member Contributions	195,054	
Total Distributions		1,098,375
Administrative Expense		46,291
Total Deductions		1,144,666
Net Increase in Net Position		(688,789)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		17,781,102
End of the Year		17,092,313

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	31
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	65
	106

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of 1.) Age 52 (Age 50 for Members eligible for Normal Retirement as of October 1, 2015 under the prior provisions) and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.

Benefit: 3.00% of Average Final Compensation times Credited Service prior to May 27, 2003, and 2.00% for each year between May 27, 2003, and September 30, 2009 and 2.5% for each year of Credited Service between October 1, 2009 and September 30, 2015; and 3.00% for each year of Credited Service thereafter.

Early Retirement:

Date: Age 50 (Age 45 for Members who will be eligible for Early Retirement as of October 1, 2015 under the prior provisions) and completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3.0% per year.

Vesting (Termination of Employment):

Less than 10 years: Refund of Member Contributions.

10 years or more: Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Disability:

Eligibility: Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.

Benefit: Service Connected: Greater of accrued benefit or 50% of Average Final Compensation.

Non-Service Connected: Greater of accrued benefit or 25% of Average Final Compensation.

Pre-Retirement Death Benefit:

Service Connected: Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.

Non-Service Connected: If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Contributions

Member Contributions: 7.65% of Salary.

City Contributions: Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

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Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	45%
International Equity	15%
Broad Market Fixed Income	20%
Global Fixed Income	5%
TIPS	5%
Real Estate	10%
<u>Total</u>	<u>100%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.21 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

The DROP balance as September 30, 2015 is \$147,712.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 17,840,214
Plan Fiduciary Net Position	<u>\$ (17,092,313)</u>
Sponsor's Net Pension Liability	<u>\$ 747,901</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.81%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.20%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP-2000 Table with no projection, disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1988-2009.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
TIPS	2.50%
Real Estate	4.50%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 2,876,679	\$ 747,901	\$ (1,050,712)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	583,726	612,234	568,199
Interest	1,401,184	1,299,397	1,219,007
Changes of benefit terms	390,863	-	-
Differences between Expected and Actual Experience	(1,091,580)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,098,375)	(822,819)	(765,084)
Net Change in Total Pension Liability	185,818	1,088,812	1,022,122
Total Pension Liability - Beginning	17,654,396	16,565,584	15,543,462
Total Pension Liability - Ending (a)	<u>\$ 17,840,214</u>	<u>\$ 17,654,396</u>	<u>\$ 16,565,584</u>
Plan Fiduciary Net Position			
Contributions - Employer	248,486	371,964	406,147
Contributions - State	168,105	160,225	155,997
Contributions - Employee	250,545	258,985	276,198
Net Investment Income	(211,259)	1,868,068	1,685,318
Benefit Payments, including Refunds of Employee Contributions	(1,098,375)	(822,819)	(765,084)
Administrative Expense	(46,291)	(43,005)	(31,140)
Net Change in Plan Fiduciary Net Position	(688,789)	1,793,418	1,727,436
Plan Fiduciary Net Position - Beginning	17,781,102	15,987,684	14,260,248
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,092,313</u>	<u>\$ 17,781,102</u>	<u>\$ 15,987,684</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 747,901</u>	<u>\$ (126,706)</u>	<u>\$ 577,900</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.81%	100.72%	96.51%
Covered Employee Payroll*	\$ 3,476,535	\$ 3,385,424	\$ 3,610,429
Net Pension Liability as a percentage of Covered Employee Payroll	21.51%	-3.74%	16.01%

Notes to Schedule:

Changes of benefit terms:

For Fiscal year 2015, amounts reported as changes of benefit terms were resulted from:

- 3.00% times Credited Service earned prior to May 27, 2003, plus
- 2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
- 2.50% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
- 3.00% times Credited Service earned on and after October 1, 2015.

**For Fiscal year 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	416,591	532,189	562,144
Contributions in relation to the Actuarially Determined Contributions	416,591	532,189	562,144
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,476,535	\$ 3,385,424	\$ 3,610,429
Contributions as a percentage of Covered Employee Payroll	11.98%	15.72%	15.57%

*For Fiscal year 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2013).
 Asset Valuation: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
 Inflation: 3.0% per year.
 Salary Increases: 5.2% per year until the assumed retirement age. Projected salary at retirement is increased individually to account for non-regular compensation.
 Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.
 Payroll Growth Assumption: 2.9% annually for amortizing UAAL.
 Cost-of-Living Adjustment: None.
 Retirement Age: 100% at first eligibility for Normal Retirement. Also, any Member who has reached Normal Retirement eligibility is assumed to continue employment for one additional year.
 Early Retirement: Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.
 Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.0%	0.07%
30	7.5%	0.11%
40	3.9%	0.19%
50	1.2%	0.51%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-1.21%	11.76%	11.80%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Each person employed by the City Police Department as a full-time Police Officer becomes a Member of the Plan as a condition of his employment. All Members are therefore eligible for all plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	31
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	65
	106
	106

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of 1.) Age 52 (Age 50 for Members eligible for Normal Retirement as of October 1, 2015 under the prior provisions) and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.

Benefit: 3.00% of Average Final Compensation times Credited Service prior to May 27, 2003, and 2.00% for each year between May 27, 2003, and September 30, 2009 and 2.5% for each year of Credited Service between October 1, 2009 and September 30, 2015; and 3.00% for each year of Credited Service thereafter.

Early Retirement:

Date: Age 50 (Age 45 for Members who will be eligible for Early Retirement as of October 1, 2015 under the prior provisions) and completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3.0% per year.

Vesting (Termination of Employment):

Less than 10 years: Refund of Member Contributions.

10 years or more: Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Disability:

Eligibility: Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.

Benefit: Service Connected: Greater of accrued benefit or 50% of Average Final Compensation.

Pre-Retirement Death Benefit:

Service Connected: Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.

Non-Service Connected: If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Contributions

Member Contributions: 7.65% of Salary.

City Contributions: Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

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Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.20%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate: RP-2000 Table with no projection, disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period 1988-2009.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	20%	2.50%
Global Fixed Income	5%	3.50%
TIPS	5%	2.50%
Real Estate	10%	4.50%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 17,654,396	\$ 17,781,102	\$ (126,706)
Changes for a Year:			
Service Cost	583,726	-	583,726
Interest	1,401,184	-	1,401,184
Differences between Expected and Actual Experience	(1,091,580)	-	(1,091,580)
Changes of assumptions	-	-	-
Changes of benefit terms	390,863	-	390,863
Contributions - Employer	-	248,486	(248,486)
Contributions - State	-	168,105	(168,105)
Contributions - Employee	-	250,545	(250,545)
Net Investment Income	-	(211,259)	211,259
Benefit Payments, including Refunds of Employee Contributions	(1,098,375)	(1,098,375)	-
Administrative Expense	-	(46,291)	46,291
Net Changes	185,818	(688,789)	874,607
Balances at September 30, 2015	\$ 17,840,214	\$ 17,092,313	\$ 747,901

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 2,876,679	\$ 747,901	\$ (1,050,712)

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$649,728.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	909,650
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	877,483	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 877,483	\$ 909,650

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2017		\$	5,845
2018		\$	5,845
2019		\$	5,845
2020		\$	132,228
2021		\$	(181,930)
Thereafter		\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	583,726	612,234	568,199
Interest	1,401,184	1,299,397	1,219,007
Changes of benefit terms	390,863	-	-
Differences between Expected and Actual Experience	(1,091,580)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,098,375)	(822,819)	(765,084)
Net Change in Total Pension Liability	185,818	1,088,812	1,022,122
Total Pension Liability - Beginning	17,654,396	16,565,584	15,543,462
Total Pension Liability - Ending (a)	<u>\$ 17,840,214</u>	<u>\$ 17,654,396</u>	<u>\$ 16,565,584</u>
Plan Fiduciary Net Position			
Contributions - Employer	248,486	371,964	406,147
Contributions - State	168,105	160,225	155,997
Contributions - Employee	250,545	258,985	276,198
Net Investment Income	(211,259)	1,868,068	1,685,318
Benefit Payments, including Refunds of Employee Contributions	(1,098,375)	(822,819)	(765,084)
Administrative Expense	(46,291)	(43,005)	(31,140)
Net Change in Plan Fiduciary Net Position	(688,789)	1,793,418	1,727,436
Plan Fiduciary Net Position - Beginning	17,781,102	15,987,684	14,260,248
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,092,313</u>	<u>\$ 17,781,102</u>	<u>\$ 15,987,684</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 747,901</u>	<u>\$ (126,706)</u>	<u>\$ 577,900</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.81%	100.72%	96.51%
Covered Employee Payroll*	\$ 3,476,535	\$ 3,385,424	\$ 3,610,429
Net Pension Liability as a percentage of Covered Employee Payroll	21.51%	-3.74%	16.01%

Notes to Schedule:*Changes of benefit terms:*

For Fiscal year 2015, amounts reported as changes of benefit terms were resulted from:

- 3.00% times Credited Service earned prior to May 27, 2003, plus
- 2.00% times Credited Service earned between May 27, 2003 and September 30, 2009, plus
- 2.50% times Credited Service earned between October 1, 2009 and September 30, 2015, plus
- 3.00% times Credited Service earned on and after October 1, 2015.

*For Fiscal year 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	416,591	532,189	562,144
Contributions in relation to the Actuarially Determined Contributions	416,591	532,189	562,144
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 3,476,535	\$ 3,385,424	\$ 3,610,429
Contributions as a percentage of Covered Employee Payroll	11.98%	15.72%	15.57%

*For Fiscal year 2013 and 2014, Covered Employee Payroll figures were based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Frozen Entry Age Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2013).
Asset Valuation:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.2% per year until the assumed retirement age. Projected salary at retirement is increased individually to account for non-regular compensation.
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses.
Payroll Growth Assumption:	2.9% annually for amortizing UAAL.
Cost-of-Living Adjustment:	None.
Retirement Age:	100% at first eligibility for Normal Retirement. Also, any Member who has reached Normal Retirement eligibility is assumed to continue employment for one additional year.
Early Retirement:	Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.
Termination Rates:	See table below.
Disability Rates:	See table below. It is assumed that 75% of disablements and active member deaths are service related.
Mortality:	RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

Termination and Disability Rate Table:	% Terminating		% Becoming
	Age	During the Year	Disabled During the Year
	20	9.00%	0.07%
	30	7.50%	0.11%
	40	3.90%	0.19%
	50	1.20%	0.51%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 577,900	\$ -	\$ 371,964	\$ -
Employer Contributions made after September 30, 2014	-	-	248,486	-
Total Pension Liability Factors:				
Service Cost	612,234	-	-	612,234
Interest	1,299,397	-	-	1,299,397
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(822,819)	-	-	(822,819)
Net change	<u>1,088,812</u>	<u>-</u>	<u>248,486</u>	<u>1,088,812</u>
Plan Fiduciary Net Position:				
Contributions - Employer	371,964	-	(371,964)	-
Contributions - State	160,225	-	-	(160,225)
Contributions - Employee	258,985	-	-	(258,985)
Net Investment Income	1,236,153	-	-	(1,236,153)
Difference between projected and actual earnings on Pension Plan investments	631,915	631,915	-	-
Current year amortization	-	(126,383)	-	(126,383)
Benefit Payments	(822,819)	-	-	822,819
Administrative Expenses	(43,005)	-	-	43,005
Net change	<u>1,793,418</u>	<u>505,532</u>	<u>(371,964)</u>	<u>(915,922)</u>
Ending Balance	<u>\$ (126,706)</u>	<u>\$ 505,532</u>	<u>\$ 248,486</u>	<u>\$ 172,889</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (126,706)	\$ 505,532	\$ 248,486	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	583,726	-	-	583,726
Interest	1,401,184	-	-	1,401,184
Changes in benefit terms	390,863	-	-	390,863
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(1,091,580)	1,091,580	-	-
Current year amortization of experience difference	-	(181,930)	-	(181,930)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,098,375)	-	-	(1,098,375)
Net change	<u>185,818</u>	<u>909,650</u>	<u>-</u>	<u>1,095,468</u>
Plan Fiduciary Net Position:				
Contributions - Employer	248,486	-	(248,486)	-
Contributions - State	168,105	-	-	(168,105)
Contributions - Employee	250,545	-	-	(250,545)
Net Investment Income	1,359,531	-	-	(1,359,531)
Difference between projected and actual earnings on Pension Plan investments	(1,570,790)	-	1,570,790	-
Current year amortization	-	(126,383)	(314,158)	187,775
Benefit Payments	(1,098,375)	-	-	1,098,375
Administrative Expenses	(46,291)	-	-	46,291
Net change	<u>(688,789)</u>	<u>(126,383)</u>	<u>1,008,146</u>	<u>(445,740)</u>
Ending Balance	<u>\$ 747,901</u>	<u>\$ 1,288,799</u>	<u>TBD</u>	<u>\$ 649,728</u>

* Employer Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.